

LOUISIANA

DEPARTMENT OF INSURANCE



OFFICE OF PROPERTY AND CASUALTY

Rate and Rule Filing Handbook

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PURPOSE

This document is a consolidation of previously issued guidelines and instructions for rate and rule filings. It provides Property and Casualty ("P&C") Insurers rate and/or rule filing requirements and outlines the review and/or approval process.

AUTHORITY

Louisiana is a modified prior approval state. Some P&C rates and rules must be filed with the Louisiana Insurance Rating Commission ("LIRC") before they can be used in this state. The statutes referenced below underlie the basis of the LIRC's governing authority. By no means is this list complete or does it limit the scope of the LIRC or the Louisiana Department of Insurance's ("DOI") regulatory authority. Note that some pertinent statutes are not found in Louisiana Revised Statutes, Title 22 (the Louisiana Insurance Code) but, by express authorization from the appropriate authority, are enforced by the LIRC and/or DOI.

- ◆ Part XXX of the Louisiana Insurance Code (L.R.S. 22:1 et seq.) establishes the LIRC and provides for rate and rule regulation.
- ◆ L.R.S. 22:1401 specifies when a filer may apply for a rate revision.
- ◆ L.R.S. 22:1402, states that the purpose of the LIRC is to promote the public welfare by regulating insurance rates, so that they shall not be excessive, inadequate, or unfairly discriminatory, and to authorize and regulate cooperative action among insurers in rate making.
- ◆ L.R.S. 22:1403 sets forth the scope of the LIRC's authority by line of business.
- ◆ L.R.S. 22:1407 provides that every insurer is subject to rate regulation and shall file and support every manual premium, minimum premium, class rate, rating schedule, rating plan, rating rules, and every modification of any of the foregoing which the insurer proposes to use.
- ◆ Department of Insurance Regulation 42 Section 8 provides that every workers' compensation group self-insurance fund shall adhere to a uniform classification system, uniform experience rating plan, and manual rules approved by the Commissioner of Insurance. The Commissioner has delegated approval authority to the Office of Property and Casualty.

FILING PROVISIONS

PERSONAL LINES

- **Prior Approval** provision allows for the Louisiana Insurance Rating Commission (LIRC) to review and approve rate and rule filings for personal lines prior to implementation.

- **File and Use** provision outlined in L.R.S. 22:1407.F.
- **Flexible Rating** provision outlined in L.R.S. 22:1401.J. allows multiple rate revisions within a 12-month period, if the rate request falls between -10% and +10%, is actuarially justified and will become effective on or after 30 days of receipt by the Insurance Rating Division. *The Flexible Rating provision became effective January 1, 2004.*

COMMERCIAL LINES

- **Commercial Deregulation** under \$10,000 in annual premium as outlined in L.R.S. 22:1401.1 are filed for review and approval by the Office of Property & Casualty (OPC). The filings shall include all rates, rules, actuarial support, property & casualty transmittal document, and state the intent to file under commercial deregulation, and shall be on file for a waiting period of 45 days.
- **Commercial Deregulation Informational Filing** of \$10,000 or more in annual policy premium as outlined in L.R.S. 22:1401.1.

The Commercial Deregulation provision became effective January 1, 2005 and applies to all commercial filings. Commercial filings cannot use any of the provisions outlined under the personal lines.

DEFINITIONS

Abeyance	Occurs when a prior approval submitted filing has been set aside until all information needed to complete the review is made available by the filer to OPC staff.
Act of Terrorism	Those acts certified as such by the Secretary of the Treasury acting in conjunction with the Secretary of State and the Attorney General under the provisions of the Terrorism Risk Insurance Act of 2002. No act shall be certified by the Secretary as an act of terrorism if – (1) the act is committed as part of the course of a war declared by the Congress, except that this clause shall not apply with respect to a coverage for workers’ compensation; or (2) property and casualty insurance losses resulting from the act, in the aggregate, do not exceed \$5,000,000.
Action Letter	A letter stating the final disposition of a filing.
Agenda	A listing of all filings to be addressed at the monthly LIRC meeting.
Agenda Cutoff	The last date that staff will accept a “complete filing” for review and placement on the upcoming monthly agenda.

The agenda cutoff date is generally the first Wednesday of each month, unless changed by the LIRC. This date is posted at the DOI web site and in the preceding published agenda.

Certified Loss	Loss resulting from a certified act of terrorism pursuant to the Federal Terrorism Risk Insurance Act of 2002.
Classification	The combining of risks into groups with the same general characteristics so that inherent differences in exposure to loss can be recognized for rating or underwriting purposes.
Complete Filing	A filing that complies with all the submission guidelines set forth by the LIRC and the OPC. A filing includes all supplemental material needed to support the request.
Consent-to-Rate Letter	A letter from an insured to the insurer requesting that the policy be written, at a specified premium, in accordance with the guidelines for that line of business.
Deemer Period	There is a waiting period from the time a rate or rule filing is received until the LIRC/OPC must take action. Following this period, the filing may be considered approved unless disapproved or deferred for further review or to obtain additional information.
Direct Bill Plan	A billing or payment plan through which an insured pays a partial premium over the term of the policy. Often an additional nominal fee is charged to cover processing costs. [Also see Installment Plan]
DOI	The Department of Insurance.
Effective Date	The earliest date the insurer may implements a filing. (a) Under Prior Approval the effective date cannot be earlier than the date the LIRC approves the filing. It can be the date of the approval, however. If the requested effective date is prior to the approval date, the LIRC will amend the effective date to the LIRC meeting date. The insurer has 14 days to modify or reject the amended effective date. (b) Under Flexible Rating the effective date must be at least 30 days after the receipt of a complete filing. (c) Under File and Use the effective date must be at least 45 days after receipt of a complete filing. (d) Under Commercial Deregulation the effective date will generally be 45 days from the receipt of a compliant filing, However, an insurer may request an earlier effective date.
Flexible Rating	Rate revision filings eligible for 30-day file and use

provision outlined in L.R.S. 22:1401.J.

Filer	An insurer, a group of affiliated insurers, or a rating organization making a filing. With a letter of authority, an insurer can delegate filing authority to a third party.
Filing	The request by a filer for LIRC/OPC approval of a rate or rule. This includes initial rates and rules, changes to previously approved rates and rules, and withdrawal of approved rates and rules.
Filing Organization	Advisory or Rating Organization issued a Certificate of Authority by the Louisiana Insurance Rating Commission.
Form	Policy contracts used by insurers to transact the business of insurance.
Form Filing	The request by a filer for OPC approval of a form. This includes initial forms, changes to previously approved forms, and withdrawal of approved forms. Note that forms are approved by the OPC, not the Louisiana Insurance Rating Commission.
Insured loss	Any loss resulting from an act of terrorism (including an act of war, in the case of workers' compensation) that is covered by primary or excess property and casualty insurance issued by an insurer if such loss (1) occurs within the United States; or (2) occurs to an air carrier (as defined in 40102 of title 49, United States Code), to a United States flag vessel (or a vessel based principally in the United States, on which United States income tax is paid and whose insurance coverage is subject to regulation in the United States), regardless of where the loss occurs, or at the premises of any United States mission.
Individual Risk Premium Modification Plan	A limited set of rules used to adjust a rate to more accurately reflect an insured's risk. An individual risk premium modification plan contains specific risk characteristics, based on quantified differences from the average risk contemplated in the manual rate, for which judgment is allowed to adjust the manual rate. The adjustments are in the form of debits and credits, within certain bounds. Also referred to as a schedule-rating plan.
Individual Risk Rating Plan	Rates and rules that are specific to a given risk and not contemplated by approved manual rates and rules.
Installment Plan	A billing or payment plan where an insured pays a partial premium over the term of the policy. Often an additional nominal fee is charged to cover processing costs. [Also see

Direct Billing]

Judgment Rating Plan	An underwriting methodology based on the best judgment of an underwriter to classify and rate a specific risk. This method or rating is <u>not</u> allowed in Louisiana for personal lines.
Legal Counsel	A DOI attorney who acts as a consultant to the LIRC regarding specific filings or legal matters.
LIRC	The Louisiana Insurance Rating Commission.
LIRC Meeting	The meeting, held once a month, where the LIRC discusses and acts on items contained in the published agenda.
L.R.S.	Louisiana Revised Statutes.
Modeling	An actuarial tool used to price catastrophe exposure.
Multiple Company-Rating Plan	A rating scheme that provides different rate levels across multiple companies within a group of companies. There is no requirement that classification systems be identical across the companies. A multiple company-rating plan is not a tier-rating plan. [See tier-rating plan].
Non-certified Act of Terrorism	A violent act of an act that is dangerous to human life, property or infrastructure that is committed by an individual or individuals and that appears to be part of an effort to coerce a civilian population or to influence the policy or affect the conduct of any government by coercion, and the act is not certified as a terrorist act pursuant to the Federal Terrorism Risk Insurance Act of 2002.
Non-certified Loss	A loss from what would otherwise be an act of terrorism except that it is not certified as such by the Secretary under the provisions of the Terrorism Risk Insurance Act of 2002.
OPC	The Office of Property and Casualty.
Premium	The amount assessed by the insurer as consideration for the purchase or continuance of insurance for a definitely stated term; includes any assessment, membership, policy, survey, inspection, service or similar fee or charge. The determination of premium is based on LIRC/OPC approved rules applied to approved rates.
Rate	The manual charge per unit of exposure used to determine premium. The manual charge includes (1) losses and (2) expenses, profits and contingencies.

Rate Revision	A request to change, add to, or remove rates or rate calculations previously approved by the LIRC/OPC.
Receipt Stamp	An ink stamp containing the text <i>RECEIVED (date) LA. OFFICE OF PROPERTY AND CASUALTY</i> . The “date of this stamp is the date used by the LIRC for time sensitive demarcations, such as determining the cutoff or deemed effective dates.
Risk Classification	The combining of risks into groups with the same general characteristics so that inherent differences in exposure to loss can be recognized for rating or underwriting purposes.
Risk Purchasing Group	Group of members with similar or related business authorized by the Department of Insurance to purchase liability insurance on a group basis for similar or related liability exposure
Rule	Instructions used to calculate premium for any risk, without amending the premium charged to a policyholder.
Rule Revision	A request to change, add to, or remove rules previously approved.
Schedule Rating Plan	A limited set of rules used to adjust a rate to more accurately reflect an insured’s risk. A schedule-rating plan contains specific risk characteristics, based on quantified differences from the average risk contemplated in the manual rate, for which judgment is allowed to adjust the manual rate. The adjustments are in the form of debits and credits, within certain bounds. [Also see Individual Risk Rating]
Tier-Rating Plan	A rating plan that contains a single classification system with different rate levels. A tier-rating plan can be between companies within a group of companies or within a single company. The LIRC/OPC draws a clear distinction between the two types of tier-rating plans. [Also see Multiple Company Rating Plan]
WCGSIF	A Workers’ Compensation Group Self-Insurance Fund. A group of employers pooled together to form an association. One of the designated functions of the association is to provide workers’ compensation insurance for the members.
Wrap-Up	An insurance policy that covers all liability exposure for a large group that has something in common. For example, wrap-up insurance can be written for all the various businesses working together on a special project, such as a large construction project, and provides coverage for losses

arising out of that work only. Wrap-up includes owner-controlled insurance programs.

PERSONAL LINES FILING PROCESSES

LIRC FILING SUBMISSION PROCESS – PRIOR APPROVAL

This section describes the process by which OPC staff review and place filings on the LIRC agenda.

If an insurer has any questions regarding the procedure, OPC staff should be contacted at 225-342-5203.

Receipt of Filing

Upon receipt, OPC staff will receipt-acknowledge and return a copy of the filing cover letter to the filer. The returned copy does not signify approval of the filing. The returned copy only notifies the filer that the filing has been received and is being processed in accordance with outlined procedures. The filing shall include a P & C transmittal document (pages 1,2,and 4), a cover letter which states the intent to file under the prior approval provision, and actuarial justification to support the request.

- ◆ Date-sensitive time frames shall be determined by the receipt stamp date on the returned copy, not the receipt-acknowledged stamp date.
- ◆ Even if the filing was received by the cutoff date, it will not automatically go on the next agenda. All filings are still subject to review by OPC staff prior to being placed on the agenda. Cutoff is the first Wednesday of the month. Changes to the cutoff date are posted at the DOI and on the DOI's web site (<http://www.lldi.state.la.us/agenda/index.cfm>).

Filing Review

The filing is assigned to an analyst for review. If the filing includes the required items and, to the best of staff's knowledge, does not violate Louisiana statutes, rules or regulations, meets all LIRC guidelines, and the request is clearly explained, it will be placed on the next available agenda.

The LIRC agenda meeting date is the third Wednesday of the month. Changes to the agenda meeting date are posted at the DOI and on the DOI's web site (<http://www.lldi.state.la.us/agenda/index.cfm>).

The following specific procedures should be noted when submitting a filing to the LIRC:

1. If the filing does not include all required items, the filer will be contacted with a request to furnish listed items. The filing will be placed in abeyance until a response is received.
 - ◆ Contact may be by mail, fax, e-mail, or phone.

- ◆ A response to a request for required items or additional information should be addressed in care of the OPC staff person making the request.
 - ◆ If no response is received within a 90-day period, the filing will be considered withdrawn and the OPC staff will recommend the filing be disapproved by the LIRC.
2. Based on criteria set forth by the OPC staff and/or LIRC, a copy of the filing may be sent to the Actuary and/or Legal Counsel for review.
- ◆ The fact that a filing has been sent to the Actuary or Legal Counsel will not delay OPC staff's placing the filing on the next available agenda.
 - ◆ When a filing is placed on the LIRC agenda and the Actuary or Legal Counsel needs additional time or additional information to complete a review and provide the LIRC with an opinion regarding the filing, the LIRC may defer the filing.
 - ◆ If OPC staff complete their review and determine that a filing is complete, the filing is placed on the next available agenda.
 - ◆ Once the filing is placed on an agenda, it will be assigned a LIRC identification number. This number will be referenced in future correspondence.
 - ◆ A filer may make a request, in writing or verbally, to withdraw a filing from the agenda at any time. The filer will receive an acknowledgement that the filing was withdrawn.
 - ◆ A filing can be amended, in writing or verbally, before or during the LIRC agenda meeting.

LIRC Meeting

The LIRC meets once per month. The date of the meeting is initially set for 10:00 a.m. on the third Wednesday of the month at the Louisiana Department of Insurance Building. The meeting date, time, or location may change at the request of the LIRC. OPC staff lists meeting dates and locations for three future meetings with each current month's published agenda. Meeting dates and locations can also be found at the DOI's web site (<http://www.lidi.state.la.us/agenda/index.cfm>).

1. Approximately one week before the LIRC meets, the OPC staff publishes the current month's agenda. The published agenda contains all that will be heard at the LIRC meeting.
 - ◆ To be on the agenda, a complete filing must have been received by cutoff.
 - ◆ However, the LIRC can add an item, not currently on the published agenda, to the agenda. The request to add must be made by a LIRC member and will only be added by majority vote. If such a vote is taken, it must be during the LIRC meeting.
 - ◆ If an item is not on the published agenda, it may not be discussed during the LIRC meeting.
2. During the LIRC meeting, each item on the agenda is discussed by the LIRC and an action is taken. LIRC actions are to approve the filing or to disapprove the filing. If additional information is required, the LIRC may make a preliminary action to defer the filing to the next month's meeting.

- ◆ The filer can amend the filing, verbally or in writing, at any time up to the time the LIRC takes action.
 - ◆ The LIRC may approve a filing in part.
 - ◆ An approval may be contingent on the LIRC receiving additional information within a specified time frame.
 - ◆ If a filing is approved as amended by the LIRC, the filer has the option to withdraw the filing within 14 days after the LIRC's action. In this case, the LIRC will treat the withdrawn filing as if it were never made.
 - ◆ If a filing is deferred, it will automatically appear on the next month's agenda. LIRC staff may request additional information on the deferred filing from the filer. The filing will remain deferred for 90 days from the date of the request or until a response is received.
 - ◆ If a filing is disapproved, the filer can request that the filing be placed on any future agenda. It is suggested that the filing include information that addresses LIRC's concerns that led to the disapproval.
3. After each agenda meeting, the filer will receive an LIRC action letter. This letter states the action taken by the LIRC.
- ◆ If the filing was amended, the action letter will restate such amendment and may request information or revised manual pages.
 - ◆ If the filing was deferred, the letter may include a request for additional information. If the filer does not respond within a 90 day period, the LIRC may disapprove the filing due to a lack of response on the part of the filer.
 - ◆ If the filing was approved with a statement of contingency upon which the LIRC action was based, the filer has until the date specified in the letter to provide the contingent information. If the information is not provided within the specified time, the LIRC may reconsider the approval and take appropriate action against the filer.
 - ◆ If the filing was approved in whole, in part, or as amended, the insurer has the option to withdraw the filing within 14 days after the LIRC's action. In this case, the LIRC will treat the withdrawn filing as if it was never made and without prejudice.
 - ◆ If a filer is aggrieved by any decision of the LIRC, the filer may request a hearing within 30 days. (L.R.S. 22:1412.B.)
 - ◆ If the filer does not receive an action letter after an LIRC meeting, this implies that the filing may not have been on that month's agenda and may not have been acted upon by the LIRC. If in doubt, the filer should contact OPC staff to confirm a filing's status.

FLEXIBLE RATING FILING SUBMISSION PROCESS

This section describes the process by which OPC staff will review filings that meet the requirements of the flexible rating provision. Filings may be submitted on an individual company basis or as a group; however eligibility for the flexible rating provision is determined on a per company basis. The filing shall include a P & C transmittal document (pages 1, 2, and

4), a cover letter which states the intent to file under the flexible rating provision, and actuarial justification to support the request. Filings submitted under the Flexible Rating provision must adhere to the following:

- ◆ be within the band of -10% or +10%; and
- ◆ have a proposed effective date at least 30 days from the submission date to the commission; and
- ◆ The overall average must be within the flex band, during a 12-month period.

If an insurer has any questions regarding the procedure, OPC staff should be contacted at 225-342-5203.

Receipt of Filing

Upon receipt of a complete filing, OPC staff will return a copy of the filing to the filer stamped "Flexible Rating Eligibility". The returned copy notifies the filer that the filing has been received and is being processed in accordance with the Flexible Rating Filing provision, and the first date the filing may be implemented, provided all requirements are met.

- ◆ The File and Use time frame shall be determined by the received date.
- ◆ If a filing is incomplete it will not be considered under the Flexible Rating Provision, the complete filing will be returned along with a letter outlining the missing components. It must be resubmitted in its entirety.
- ◆ If there are unresolved compliance or actuarial issues, the filer will receive a written order, detailing the compliance and/or actuarial issues.

Filing Review

The filing is assigned to an analyst for review. If the filing includes all required items the company will receive a copy of the filing stamped "File and Use Eligibility" with the first date the filing may be implemented, provided all requirements are met.

If the filing meets the requirements and, to the best of staff's knowledge, does not violate Louisiana statutes, rules or regulations, meets all LIRC guidelines, the request is clearly explained, and is actuarially justified, it will be eligible for implementation on the requested effective date. The effective date cannot be prior to the eligibility date stamped on the return copy of the filing.

If the filing does not meet the requirements, the insurer will receive a written order detailing the issues. If the order is issued before the expiration of the 30-day filing period, the filing shall not become effective. If the order is issued after the 30-day filing period, the written order will inform the insurer of the date the filing is no longer effective.

The filing status will be updated on the Department's website (<http://www.ldi.state.la.us/agenda/index.cfm>).

COMMERCIAL FILING PROCESSES

Commercial Deregulation 45 Day File and Use

The Office of Property & Casualty will accept, review and approve all applications for insurance rates or rate changes for all lines of commercial property and casualty insurance when the commercial risk has less than \$10,000 in annual premium. The filing shall include a P & C transmittal document (pages 1, 2, and 4), a cover letter which states the intent to file under the commercial deregulation file and use provision, and actuarial justification to support the request.

Receipt of Filing

Upon receipt of a complete filing, the OPC staff will return a copy of the filing to the filer stamped "Commercial Deregulation Deemer Date". The returned copy notifies the filer that the filing has been received and is being processed in accordance with the Commercial Deregulation Filing provision. "Deemer Date" is the last date the OPC has to act prior to company implementation.

Filing Review

Each filing submitted to the OPC shall be on file for a waiting period of 45 days. By written request of the company, the OPC may authorize a filing, which has been reviewed, to become effective before the expiration of the 45 day waiting period. If the filing is approved prior to the waiting period date, the OPC approval letter shall state the authorized earlier effective date.

The File and Use 45-day time frame shall be determined by taking the received date and counting forward by 45 days, including weekends and holidays.

If a filing is found to be incomplete, the entire filing will be returned to the filer along with a disapproval letter outlining the missing components. If the filer wants to re-file, the filing must be resubmitted in its entirety with a new company reference number and reference to the previous DOI Item Key filing number.

If there is an unresolved compliance issue or any actuarial issues, the filer will receive a written disapproval that details the compliance and/or actuarial issues. For any filing that is disapproved, the insurer may re-file at any time (with a new company reference number and reference to the previous DOI Item Key filing number) or the insurer may appeal the disapproval to the LIRC within 15 days from receipt of written notice of the disapproval.

Commercial Deregulation Informational Filings

Commercial risks with at least \$10,000 in annual insurance policy premium need only file with the OPC on an informational basis. This exception does not include workers compensation or medical malpractice liability insurance (these lines must be filed with OPC for approval prior to implementation as outlined in LRS 22:1401.1). The informational filing can be in the form of

an entire program whose eligibility requirement meets or exceeds the minimum \$10,000 policy premium or an individual qualifying policy. The criteria are:

- ◆ Clearly state in the cover letter whether the submission is for an entire program or individual policies.
- ◆ If a qualifying program is filed, the cover letter should clearly indicate the filing is for the entire program and state the minimum premium for the entire program.
- ◆ If qualifying policies are filed, the informational filing should include a copy of the declaration page for each individual policyholder.

The OPC staff will receipt acknowledge all information filings found in compliance.

PUTTING THE FILING PACKAGE TOGETHER

This section defines a “complete filing” by including the minimum and general filing requirements, as well as detailed filing requirements for specific filing situations. It is organized by type of filing and, where appropriate, by line of business. Unless a line or company type is explicitly identified, the requirements listed below apply to all lines of business and companies.

- ◆ A Workers’ Compensation Group Self-Insurance Fund (“WCGSIF”) must file following the instructions contained in Bulletin LIRC 95-06. All other filings must follow the guidelines set forth in this section.

All Filings - Minimum Requirements

These filing requirements are required of all rate and rule filings submitted.

1. The filing must be submitted to:

Deputy Commissioner – Office of Property and Casualty
 Attention: Insurance Rating Division
 1702 N. 3rd Street
 Post Office Box 94157
 Baton Rouge, Louisiana 70804-9157

2. The complete filing must include the following:

- a. Cover Letter (see Additional Useful Information on pg. 29)
- b. Property and Casualty Filing Transmittal Form (pages 1, 2 and 4). If there is an associated form filing, make sure you include the associated form filing reference number on page 4 (the rate and rule filing schedule).
- c. Explanatory Memorandum – The memorandum should include the information specified by the type of filing request.
- d. Mandatory documents for the specified type of filing and line of business

- e. Completed Statement of Compliance from the Policy Form Matrix for the product (s) listed on the Transmittal Document. The Policy Form Matrix is available on the Department's website (<http://www.lldi.state.la.us/lldipolicymatrix>).
- f. A copy of the last action letter from the LIRC/OPC for the current approved rates for the referenced program.
- g. Proposed manual pages should be attached to each filing at submission. If the filing is amended the company should submit additional revised copies of the manual pages affected by the amendment.
- h. Filings submitted by way of the United States Postal Service must include the following:
 - Three single-sided copies of all filing material, including the above items a through e.
 - One self-addressed, stamped envelope.

Please note the following:

1. Make sure you are properly licensed in Louisiana for the line of business stated in your filing(s) prior to submission.
2. Retro-active effective dates are not allowed. The earliest effective date a company may receive is the date the filing is approved. The Flexible Rating provision has a specific time frame for the earliest effective date allowed.
3. When you are adopting, delay adopting, or non-adopting a rating organization filing, the company must be a member and/or subscriber with the particular rating organization and have the necessary authority for the coverage line stated in the filing. The filing must specifically state the rating organization's designation number(s) that have been approved for use in Louisiana and will be utilized with your filing.
4. Rate and rule filings must be submitted independently of form filings.

A hard copy of the complete filing must arrive at the OPC by way of the United States Postal Service, except when submitted via Systemic Electronic Rate and Form Filing (SERFF).

- ◆ Transmission of filing material by facsimile machine, private courier service, electronic transmission, or hand delivery is permissible so long as an original is deposited in the United States mail and received by the LIRC on or before the 20th day after receipt of such facsimile transmission, private courier delivery, electronic transmission, or hand delivery.

For all prior approval filings the OPC staff must receive a copy of the complete prior approval filing no later than 12:00 noon on the agenda cutoff. The receipt stamp placed on the filing by OPC staff denotes the receipt date.

- ◆ Receipt by the agenda cutoff does not mean that the prior approval filing will automatically go on the current agenda. Prior to being placed on an agenda, staff must determine that all required information is available and complete the analysis of the filing. If required information is not included in the original filing, the filing will be placed in abeyance until required information is received.
- ◆ The DOI's website (<http://www.lldi.state.la.us/agenda/index.cfm>) provides meeting dates for up to one (1) year in the future. Note, however, that the date, time and location of the future LIRC meetings are subject to change.

Rate Revision

A rate revision is the filer's requests to change, add to, or remove rates previously approved by the LIRC. An initial filing designed to accept (i.e., roll) an existing book of business should be filed as if it is a rate revision, following the guidelines of this subsection.

Note that, unless specified below, at least 12 months must lapse between the effective dates of two consecutive rate revisions. The following rate revisions are not affected by this twelve-month limitation:

- ◆ Rate revision previously disapproved by the LIRC/OPC and being re-filed
- ◆ Rate revision deferred during the previous month by the LIRC
- ◆ A filing submitted by a filing organization
- ◆ A rate revision submitted under legislative mandate
- ◆ A rate reduction for private passenger automobile
- ◆ Rule filings
- ◆ Filings submitted under Commercial Deregulation

All rate revision filings should contain the following filing material:

1. Explanatory Memorandum.

- ◆ The filer should explain each requested rate revision contained in the filing. The impact of changes for base premium, coverage, classification, territory, limits, and deductible should be separately identified. All deviations contained in the filing, whether they involve deviations between companies, deviations from rating organization filings, or otherwise should be separately identified.

2. Exhibit A.1 – Louisiana Experience Underlying Revision.

- ◆ Exhibit A.1 should be completed regardless of how much volume the filer has in Louisiana for the program affected by the filing. If no business has been written, place zeros in the appropriate lines of the exhibit.

3. Exhibit A.2 – Countrywide Experience Underlying Revision.

- ◆ Exhibit A.2 should be completed regardless of how much volume the filer has Countrywide for the program affected by the filing. If no business has been written, place zeros in the appropriate lines of the exhibit.

4. Exhibit B – Checklist for Considerations in Actuarial Support.

5. Prevention of Fraud Statement.

6. Justification for requested rate revision

- ◆ Actuarial Analysis - For all rate revision filings, where the annual premium in the latest calendar year is greater than \$250 thousand, an actuarial analysis in support of the rate revision must be included in the filing. Annual premium should be measured based on the insurance program affected by the proposed rate revision.

- ◆ Statistical Analysis – For rate revision filings, where the annual premium in the latest calendar year is less than \$250 thousand and an actuarial analysis is not available, you may submit a statistical analysis. Annual premium should be measured based on the insurance program affected by the proposed rate revision.
- ◆ Detailed Explanation – For rate revision filings, where there is not enough historical data to support an actuarial or statistical analysis, a detailed explanation is the minimal justification accepted. Additional information may be requested from the actuarial staff.
- 7. Exhibit D – Rate Change Comparison for Private Passenger Automobile
 - ◆ For all private passenger automobile rate revision filings, Exhibit D must be included.
- 8. Exhibit E - Rate Change Comparison for Homeowners
 - ◆ For all homeowners rate revision filings, Exhibit E must be included.
- 9. Exhibit F – Louisiana Operating Ratios
 - ◆ For all rate revision filings where the annual premium averages \$2 million per year over the latest three calendar years, Exhibit F must be included. Annual premium should be based on the insurance program affected by the proposed rate revision.
- 10. Exhibit H – Louisiana Rate Revision Questionnaire
 - ◆ For all private passenger automobile, homeowners and medical professional liability filings, Exhibit H must be included. For all other lines of business, it must be submitted upon departmental request.
- 11. Exhibit I – Louisiana Territorial Revision Questionnaire
 - ◆ For all private passenger automobile and homeowners filing, Exhibit I must be included. For all other lines of business, it must be submitted upon departmental request.
- 12. Exhibit J – Medical Malpractice Filing Questionnaire
 - ◆ For all medical professional liability filings, Exhibit J must be included.

* Note that while Commercial Deregulation does not mandate LIRC Exhibits be attached, they may still be requested by the OPC or the Actuarial staff. Inclusion of the exhibits may expedite the review process.

Adoption of Rating Organization's Loss Costs

For adoption of a rating organization's loss costs, an insurer must file to adopt each rating organization's loss costs independently. In other words, the rating organization does not file for and receive approval on behalf of the insurer. In Louisiana, a rating organization is an advisory organization, and the insurer must independently file to adopt and support, to the extent the insurer's Louisiana experience is credible, the approved advisory loss costs. Examples of this type of filing are the adoption of ISO or NCCI loss costs.

- ◆ Since rating organizations do not file on behalf of an insurer, if a company does not want to adopt an approved rating organization's loss cost filing, no filing is necessary. Note that this is not true for rule filings (refer to the subsection on rule adoptions).
- ◆ In Louisiana, loss cost multipliers ("LCM") do not remain "on file" to be used with future loss costs revisions. Each insurer's filing to adopt a rating organization's loss costs must include support for the proposed LCM even if the LCM does not change from the last such adoption.

* Please note that the only loss cost approved in Louisiana for Property is "Glass".

The filing packet to adopt a rating organization's loss costs should include the following items in addition to those listed above.

1. LIRC Exhibit C.1 – Adoption of Prospective Loss Costs Without Expense Constant or LIRC Exhibit C.2 – Adoption of Prospective Loss Costs With Expense Constant.
- ◆ In a more refined rating plan, Exhibit C.1 or C.2 may be filed multiple times. For example, the filer may want to recognize different expenses associated with each company in a group, different expenses underlying liability versus physical damage coverage, or different expense and underwriting standards associated with targeted niche-markets within a line of business. Note that with refined plans, support must be provided for each LCM.
2. The Explanatory Memorandum should reference all rating organization filing designations that are being adopted.

Non-Adoption of Rating Organization's Loss Costs

A non-adoption of a rating organization's loss costs is not filed with the LIRC. No loss cost adoption is automatic in Louisiana. A rating organization cannot file loss costs on behalf of an insurer in Louisiana. Each insurer must explicitly file to adopt a rating organization's approved loss costs.

Private Passenger Automobile

For a private passenger automobile rate revision, the filed material should include the following items in addition to those listed in a. above. These items are required whether the filing is an adoption or an independent filing.

1. Exhibit D – Rate Change Comparison
2. Exhibit H – Rate Revision Questionnaire.
3. Exhibit I – Territorial Revision Questionnaire.

Homeowners

For all homeowner rate revisions, the filed material should include the following items in addition to those listed in a. above. These items are required whether the filing is an adoption or an independent filing.

1. Exhibit E - Rate Change Comparison
2. Exhibit H – Rate Revision Questionnaire.
3. Exhibit I – Territorial Revision Questionnaire.

4. If computer modeling is used to support the selected catastrophe load, the Computer Model Interrogatories must be included. Refer to LIRC Bulletin 99-02.

Medical Professional Liability

For all medical malpractice liability revisions, the filed material should include the following item in addition to those listed above. These items are required whether the filing is an adoption or an independent filing.

- ◆ Exhibit H – Rate Revision Questionnaire
- ◆ Exhibit J – Medical Malpractice Filing Questionnaire

Fire and Allied Lines

Fire and allied lines filings must utilize the Property Insurance Association of Louisiana (PIAL) rates. The PIAL has premiums (rates and rules) not loss costs approved in Louisiana. A company may deviate from PIAL rates; deviations must be renewed annually with the LIRC.

If a deviation from PIAL rates is not renewed, the approved fire and allied rate level for an insurer are those currently approved for the PIAL. In order to deviate from PIAL's rates: the following must be submitted:

1. The Explanatory Memorandum should explain the requested deviation
2. Justification for the deviation.

Installment Plans

Do not include installment plans (initial or revision) in a rate filing. Installment plans should be filed separately from rate or rule filings. For detailed filing guidance, refer to the subsection on this topic.

Consent-to-Rate

Do not include consent-to-rate requests in a rate filing. Consent-to-rate requests should be filed separately from rate or rule filings. For detailed filing guidance, refer to the subsection on this topic.

Rule Revision

A rule revision is the filer's requests to change, add to, or remove rules previously approved by the LIRC/OPC.

The following subsections identify material the OPC staff expects to be in a complete filing packet for the identified filing situations.

For all rule revision filings, the filed material should include the following exhibits for consideration of the designated topic. If not an initial filing, a filing to adopt a rating organization's rules is considered a rule revision for the purposes of this document.

1. Explanatory Memorandum
 - ◆ If applicable, explanation indicating if the coverage is optional.

- ◆ If applicable, explanations of the effects of the rule change on the policy.
 - ◆ If applicable, is there a corresponding policy form change? If so, indicate the status of the form approval.
2. An explanation of each change must be provided.
 3. If a rule revision results in a change in premium for any existing policyholder, the estimated percentage and dollar impact of this premium change and the number of policyholders must be provided.
 4. If the rule revision results in a reduction or increase in coverage with no premium impact, the rate effect on the filer's existing book of business should be estimated.
 5. The marked manual pages with additions underlined and deletions ~~marked through~~.

Rule-Based Change in Coverage

Any rule (initial or revision) that results in a change in coverage or causes a change in policyholder premium (for example a minimum premium rule), the filed material should include the following items in addition to those listed above.

1. The explanatory memorandum should include a comparison of the coverage before and after the proposed changes.
2. Exhibit A.1- Louisiana Experience Underlying Revision
3. Exhibit A.2- Countrywide Experience Underlying Revision
4. Exhibit B - Checklist for Considerations in Actuarial Support
5. Overall Percent Rate Revision for the Existing Louisiana Book of Business
6. Overall Premium Change for the Existing Louisiana Book of Business
7. Number of policyholders affected by the
8. Justification to support the rule changes

* Note that while Commercial Deregulation does not mandate LIRC Exhibits be attached, they may still be requested by the OPC or the Actuarial staff. Inclusion of the exhibits may expedite the review process.

Non-Adoption of Rating Organization's Rules

Non-adoption of rules associated with a rating organization's loss costs may need to be filed. To determine whether the rating organization's rule adoption is "automatic", the filer should refer to the service agreement between the filer and the service organization.

If a rating organization's rules are automatically adopted (on the rating organization's approved effective date), then a filer must non-adopt them by making a filing. In all other cases, notice of non-adoption is not required.

If the filer wants to change the effective date of approved rating organization's rules, a filing is required. Otherwise, the rating organization's approved effective date for the rules are

assumed to be the effective date for the filer. The company's effective date cannot be prior to the effective date of the rating organization's approved filing.

Delay Adoption of Rating Organization's Rules

Delayed adoptions with an effective date later than the rating organization's effective date will be treated as regular adoptions. When you are adopting, delay adopting, or non-adopting a rating organization filing, the company must be a member and/or subscriber with the particular rating organization and have the necessary authority for the coverage line stated in the filing. The filing must specifically state the rating organization's designation number(s) that have been approved for use in Louisiana and will be utilized with your filing.

Delayed adoptions without a date will be handled administratively. They will be stamped receipt acknowledged and approved with a copy being returned to the company. No action letter will be issued.

Initial Rate and Rule Filing

A filing of rates or rules is "initial" when no previous or similar filing has been approved by the LIRC or OPC.

- ◆ Initial filings for personal lines will be placed on the agenda only if the Certificate of Authority is issued prior to LIRC cut-off. This applies to prior approval only.
- ◆ A filing subsequent to a withdrawn program is considered an initial filing (refer to the subsection on Insurer's Withdrawal from Market).
- ◆ An initial filing designed to accept (i.e., roll) an existing book of business should be filed, as if it is a rate revision, following the guidelines of that subsection.
- ◆ An initial filing cannot be submitted along with a rate revision.

All initial rate and rule filings must include the following items:

1. The explanatory memorandum should include:

- ◆ How the proposed rates were determined.
- ◆ If the filer intends to adopt the rates of another insurer, the filer must clearly state that the rates are based on rates approved for Company X. The effective date of Company X's approved rates must be provided. If the filer's rates deviate from those approved for Company X, the deviation must be explained.
- ◆ If the filer has marketed the insurance program in other states, these states should be identified.
- ◆ If the program contains any form of schedule rating, tiered rating program, or use of policyholder credit history, such content must be clearly stated.

2. Exhibit A.2 – Countrywide Experience Underlying Revision

3. Proposed Effective Date

* Note that while Commercial Deregulation does not mandate LIRC Exhibits be attached, they may still be requested by the OPC or the Actuarial staff. Inclusion of the exhibits may expedite the review process.

Initial Adoption of a Rating Organization’s Loss Costs

An insurer must file to adopt a rating organization’s loss costs independently of the rating organization’s approval. In other words, the rating organization does not file and receive approval on behalf of the insurer. In Louisiana, a rating organization is an advisory organization and the insurer must independently file to adopt and support the approved advisory loss costs. Examples of this type of filing include the adoption of ISO or NCCI loss costs.

- ◆ Since a rating organization does not file on behalf of an insurer, if a company does not want to adopt an approved rating organization loss costs, no filing is necessary on the part of the insurer.
 - ◆ In Louisiana, loss cost multipliers (“LCM”) do not remain “on file” to automatically be used with future loss costs revisions. Each insurer’s filing to adopt a rating organization’s loss costs must include support for the proposed LCM to be used with the new loss costs. Note that it is acceptable that the LCM does not change from the last such adoption providing the underlying expenses have not changed.
1. LIRC Exhibit C.1 – Adoption of Prospective Loss Costs Without Expense Constant or LIRC Exhibit C.2 – Adoption of Prospective Loss Costs With Expense Constant.
 - ◆ Exhibit C.1 or C.2 may be filed separately in a more refined rating plan. For example, the filer may want to recognize different expenses associated with each company in a group, different expenses underlying liability versus physical damage coverage, or different expense and underwriting standards associated with targeted niche-markets. Note that, support must be provided for each LCM.
 2. Three years of expense experience as support for the underlying expense components used to calculate each filed LCM.

Initial Fire or Allied Lines Filing

For initial fire or allied lines rates the following must be considered.

- ◆ Fire and allied lines filings must be in compliance with LRS 22:1405.D, and Property Insurance Association of Louisiana (PIAL) rates must be utilized.
- ◆ The PIAL has premiums (rates and rules) not loss costs approved in Louisiana.
- ◆ LRS 22:1410 allows a property carrier to deviate from PIAL rates; deviations must be renewed annually with the LIRC. If a deviation from PIAL rates is not renewed, the approved fire and allied rate level for an insurer are those approved for the PIAL.

Initial Installment Plan Filing

Do not include installment plans (initial or revision) in an initial rate or rule filing. Installment plans should be filed separately. For detailed filing guidance, refer to the subsection in this document on this topic.

Initial Consent-to-Rate Filing

Do not include consent-to-rate requests in an initial rate or rule filing. Consent-to-rate requests should be filed separately. For detailed filing guidance, refer to the subsection in this document on this topic.

SPECIAL FILING SITUATIONS

This subsection contains information for filings of a nature that either they do not fall in the other subsection or may fall in more than one subsection. In either case, special guidance is provided for each situation.

Risk Purchasing Group

If a filing refers to a Risk Purchasing Group, the following information should be included in the cover letter:

1. A statement that a Risk Purchasing Group will use the rates and rules.
2. The name of the Risk Purchasing Group the filing is targeted toward.
3. A statement verifying that the proposed rates were discussed with, negotiated with, or agreed to by the Risk Purchasing Group.

Insurer's Withdrawal from Market

Notification from an insurer stating they are "no longer writing" or "withdrawing from a market" is not a filing. Notification of this type is collectively referred to as a "withdrawal". Such notification will not go on an LIRC agenda.

Note that an insurer's decision to withdraw from a market does not release the insurer from complying with LIRC/OPC requests, any Louisiana statutory requirements, or other responsibilities.

Though there is no statutory obligation, the LIRC/OPC requests that an insurer, with approved rates or rules, notify the LIRC/OPC when they choose to withdraw from Louisiana markets. The following are examples of an insurer withdrawing from the market:

1. An insurer significantly limits the writing of new or renewal business.
2. An insurer ceases to write new business but continues to service renewals.
3. An insurer ceases to write new and renewal business.
4. An insurer sells or transfers a book of business to another insurer.
5. An insurance group consolidates business from multiple companies into a lesser number of companies.

It is requested that notification be provided in writing before, or as soon as possible after, the effective date of the withdrawal. The insurer's letter should clearly state the following:

1. Reason for withdrawal.
2. Impact this action will have on new and renewal business.
3. The proposed effective date of the insurer's action.
4. If the insurer's intent is to withdraw all rates, rules, and forms.
5. If applicable, the name of the insurer assuming the book of business.

Upon receipt of a request to withdraw from the market, the Office of Property and Casualty will send an acknowledgment. The acknowledgement may inform the insurer they are still subject to all L.R.S. 22 provisions, particularly those regarding non-renewal and cancellation. The letter may inquire if the insurer desires to withdraw all rates, rules and forms. If the reason for the insurer's action is not known, the letter may request more information regarding the insurer's future intent in Louisiana.

- ◆ Even though a company states they are "no longer writing," current approved rates, rules and forms remain effective until a withdrawal of rates and rules is approved by the LIRC/OPC.

Withdrawal of Rates and Rules

A request to withdraw from a market should not be confused with a request to withdraw approved rates or rules. A request to withdraw rates or rules for personal lines will be placed on the LIRC agenda. Upon approval by the LIRC/OPC, the insurer will no longer have any approved rates or rules for the withdrawn program. This means the insurer cannot write under the withdrawn program. Also, the company will remain subject to all Louisiana statutes, regulations, rules, and directives until all business is runoff or moved.

Merger, Acquisition, or Company Name Change

Notification to merge or acquire another insurer, or change an insurer's name will not be placed on an agenda.

If an insurer changes its name, is acquired by another insurer, or merges with another insurer, LIRC/OPC notification of affected insurers is required. In a letter the insurer should notify the LIRC/OPC of the corporate change. The letter should reference all LIRC and/or OPC approved insurance programs affected by the transaction.

If the merger or acquisition results in the insurer's withdrawal from a market for one of the affected companies, the guidance of the subsection on Insurer's Withdrawal from Market should be considered.

Note that an insurer's decision to merge, acquire, be acquired, or change name does not release the insurer from complying with LIRC/OPC requests, any Louisiana statutory requirements, or other responsibilities.

Schedule Rating Plan (Individual Risk Premium Modification Plan)

For the purposes of this subsection, a schedule rating plan is a method of rating that uses charges and credits to modify a class rate based on the special characteristics of the risk. A schedule of rates is based on experience that supports a direct relationship between certain physical characteristics and the possibility of loss.

- ◆ In Louisiana, a schedule rating plan can only be used in conjunction with commercial liability and property class rates. A schedule rating plan cannot be used in conjunction with any personal line.
- ◆ If a filing introduces a schedule rating plan, this fact must be clearly stated in the filing memorandum and actuarially supported.
- ◆ Schedule rating plans can be filed within other rate and rule filings, or separately.

Tier-Rating Plan

If a filing contains tier rating, it must be clearly stated in the filing memorandum. When tiers are defined within a single company the tiers are considered part of that company's rate plan. As such, the criteria used to place an insured in a tier must be clearly defined and included in the company's rules. The following guidelines should be considered when filing a tier-rating plan:

1. Criteria used to place an insured in a tier must be based on demonstrably different risk characteristics.
2. A tier-rating plan must use rates and rules that are not unfairly discriminatory.
3. Risks with substantially similar risk characteristics must be placed in the same tier.
4. The relative difference in rate level between tiers must be clearly stated in the filing memorandum.
5. A tier-rating plan must clearly set forth the agent commission scale used in each tier.
6. Differences in agent commission may, along with other expected risk or expense differences, contribute to the difference in rate level between tiers.
7. The difference in rate level between tiers must be substantively greater than the difference in underlying agent commission and reflect the expected difference in risk.
8. A tier-rating plan where agent commission or credit scoring is the sole characteristic that differentiates rate level between tiers is not in the public's best interest.

Multiple Company Tier-Rating Plan

If a filing contains a multiple company tier-rating plan, it must be clearly stated in the filing memorandum. When multiple rate levels are defined across companies within a group, the criteria used to place an insured in a specific company is considered underwriting. As such, underwriting criteria does not need to be included in the company's rules. However, the following guidelines should be considered when using multiple rate levels across companies in a group:

1. A multiple company tier-rating plan must not be unfairly discriminatory.

2. Risks with substantially similar risk characteristics must be placed in the same company.
3. The relative difference in rate level between companies must be clearly stated in the filing memorandum.
4. A multiple company tier-rating plan must clearly set forth the agent commission scale used in each company.
5. Differences in agent commission may, along with other expected risk or expense differences, contribute to the difference in rate level between companies.
6. The difference in rate level between companies must be substantively greater than the difference in underlying agent commission and reflect the expected difference in risk.
7. A multiple company tier-rating plan where agent commission or credit scoring is the sole characteristic that differentiates rate level between tiers is not in the public's best interest.

Individual Risk Filing

The following guidelines should assist a filer with individual risk filings:

- ◆ An individual risk filing must be submitted to the LIRC for personal lines or to the OPC for commercial lines.
- ◆ Though no statutory time frame is defined, the LIRC/OPC considers a submission within 60 days after the effective date of the policy to be reasonable.
- ◆ Property filings for personal lines will be placed on the LIRC agenda for action by the LIRC. Property filings for commercial lines will be reviewed by the OPC.

The individual risk filing packet should include the following:

1. A cover letter from the insurer, on company letterhead, submitting the individual risk filing to the LIRC/OPC.
2. A stamped, self-addressed return envelope
3. The original of the individual risk letter must be submitted. The letter must be from the insurer to the LIRC clearly stating why the policy is being rated in this manner
4. The filing packet must include:
 - The filing cover letter,
 - The rating worksheet outlining the basis for the quoted premium,
 - The declaration page
5. The letter must contain:
 - ◆ The name of the insured,
 - ◆ The name of the insurer writing the risk,
 - ◆ The line of business,
 - ◆ If applicable, the sub-line or program under which the policy is written,
 - ◆ The policy number,

- ◆ The policy effective date,
 - ◆ The policy term,
 - ◆ The manual rating factors and premium,
 - ◆ The reason that the policy is individual risk rated.
6. For each individual risk policy, a copy of the premium worksheet must be submitted must be included in the filing packet. The premium worksheet is for the manual rate that would have applied if the risk could be so rated. If the risk cannot be manually rated, the premium worksheet can be omitted.

Consent-to-Rate Filing

The following guidelines should assist a filer with consent-to-rate filings:

- ◆ A consent-to-rate filing must be submitted to the OPC.
- ◆ Though no statutory time frame is defined, the OPC considers a submission within 60 days after the effective date of the policy to be reasonable.
- ◆ Consent-to-rate property filings must be approved by the OPC. Upon receipt, property consent-to-rate filings for personal lines will be acknowledged and placed on the next available agenda. Property consent-to-rate filings for commercial filings will be reviewed by the OPC. An action letter will be issued by the OPC.
- ◆ All liability consent-to-rate filings are handled administratively. Such filings will not be placed on an LIRC agenda. OPC staff will issue a letter of acknowledgement.

The consent-to-rate filing packet should include the following:

1. A cover letter from the insurer, on company letterhead, submitting the consent-to-rate filing to the OPC.
2. A single filing packet can contain more than one consent-to-rate policy. In this case, the cover letter from the insurer must include a listing of policy numbers included in the filing packet.
3. A stamped, self-addressed return envelope.
4. For each consent-to-rate policy included in the filing packet, the original of the Consent-to-Rate Letter must be submitted. The consent-to-rate Letter must be from the insured to the insurer and clearly request the consented rate. Both the insured and a representative of the insurance company must sign the consent-to-rate letter. The letter can be on the insured's letterhead or a blank (i.e., no letterhead) sheet of paper. The letter must not be on insurer letterhead.

Note that a Consent-to-Rate Letter is not approved by the OPC because it is not a "form" as defined in the Insurance Code.

5. For each consent-to-rate policy included in the filing packet, the Consent-to-Rate Letter must contain:
 - ◆ The name of the insured,
 - ◆ The name of the insurer writing the risk,

- ◆ The line of business,
 - ◆ If applicable, the sub-line or program under which the policy is written,
 - ◆ The policy number,
 - ◆ The policy effective date,
 - ◆ The policy term,
 - ◆ The manual premium,
 - ◆ The consented premium,
 - ◆ The reason that the policy is consent-to-rated.
7. For each consent-to-rate policy included in the filing packet, a copy of the declaration page must be submitted along with one signed Consent-to-Rate letter with original signatures.
 8. For each consent-to-rate policy included in the filing packet, a copy of the premium worksheet must be submitted. The premium worksheet is for the manual rate that would have applied if the risk could be so rated. If the risk cannot be manually rated, the premium worksheet can be omitted. In this case, the Consent-to-Rate Letter for that policy should state this as a reason.

If all of the above information is not furnished, OPC staff will send a letter requesting the missing information. The consent-to-rate filing will be placed in abeyance and will not be approved until the information is received. During this time, the insurer is subject to all applicable insurance laws regarding the use of approved rates and rules.

All materials furnished in a consent-to-rate filing packet will be retained by the OPC.

Filings Submitted on an A-Rate Plan

While rates need not be indicated as they will be negotiated, the cover letter should explain that the entire program will be A-Rated. Manual pages should also be included with the filing when submitted.

Installment Plan

This section applies to installment plans and direct bill plans that charge a nominal fee to process the billing. All installment plan filings are to be submitted separately. If they are included in another rate or rule filing, the filer will receive a letter from OPC staff asking that the filing be amended to exclude the installment plan and make such filing under separate cover.

The LIRC has established the following installment plan guidelines for personal lines coverage. A filer can expedite the approval of an installment plan by adhering to these guidelines. To the extent that these guidelines are not met, the filer should be prepared to discuss with the OPC staff and/or LIRC, in detail, the proposed plan and how exceptions to these guidelines will benefit the Louisiana consumer.

1. An initial filing or revision to an installment plan must provide adequate support for the proposed installment charge. Support can include statistical, actuarial or other experience in support of the proposed charge.

2. For personal lines, the LIRC finds that a maximum of eleven (11) installment payments per 12-month period is reasonable. Further, the LIRC finds that a maximum charge of \$6.00 per installment totaling \$66.00 annually is reasonable.
3. Installment plans must comply with all Louisiana statutes.
4. If a filer requests installment charges outside these guidelines, the filer should be prepared to receive disapproval for the proposed program.

Terrorism Filings

As outlined in Bulletin 02-03, if an insurer relies on an advisory organization to file loss costs and related rating systems on its behalf, no rate filing is required unless an insurer plans to use a different loss cost multiplier than is currently on file for coverage of certified losses. The rate filings should provide sufficient information for the reviewer to determine what price would be charged to a business seeking to cover certified losses. This state will accept filings that contain a specified percentage of premium to provide for coverage for certified losses. Insurers may also choose to use rating plans that take into account other factors such as geography, building profile, proximity to target risks and other reasonable rating factors. The insurer should state in the filing the basis that it has for selection of the rates and rating systems that it chooses to apply. The supporting documentation should be sufficient for the reviewer to determine if the rates are excessive, inadequate or unfairly discriminatory. For the convenience of insurers, this state will waive its requirements for supporting documentation for rates for certified losses for filings that apply an increased premium charge of between 0% and 2% and do not vary by application of other rating factors.

All terrorism filings must be submitted under separate cover and in accordance with the general rate/rule filing instructions. Terrorism filings can only be filed for commercial products.

ADDITIONAL USEFUL INFORMATION

Copy Requests

Upon written request from the company copies of approved rate/rule filings may be copied at a charge of \$0.25 per page. An invoice will be provided and copies must be paid for prior to mailing. Payment must be in the form of a check or money order payable to the Louisiana Department of Insurance within seven days of receipt of the invoice. Cash and credit cards cannot be accepted.

Requests are handled on a first come first serve basis. A request for multiple filings and/or a large number of requests may delay an invoice. If you have not received an invoice within a week of your request, please contact the OPC at (225) 342-5203.

Please be specific with your request and verify with OPC staff that the copies you are requesting are exactly what you need and that the amount you will be charged is acceptable.

Anyone wishing to review filings at our Department should make an appointment by calling (225) 342-5203.

Filing Seminar

The OPC holds an annual filing seminar as a resource tool for all companies. Your attendance is encouraged and appreciated. The information and training provide filers with the necessary tools that will expedite the review process for their filings. Please contact the OPC at (225) 342-5203 for additional information. The next seminar will be held on September 22, 2005.

LIRC EXHIBITS AND COMPONENTS

This section provides a description of exhibits and components to be included in both Prior Approval and Commercial De-Regulation filings. The following explanation and instructions is intended to assist the filer in putting together a filing packet and should expedite the approval process. However, we realize that a filer may need assistance or require special consideration in order to provide the LIRC/OPC with the requested information. Questions regarding content or format should be directed to OPC staff.

This section includes special LIRC exhibits, for personal lines, that may be required to be included in a filing. Guidance as to whether to include these exhibits in a filing packet is found in the narrative of this document. Note that electronic versions of the data exhibits are available from the Louisiana Department of Insurance's web site (<http://www.lds.state.la.us/agenda/index.cfm>).

Cover Letter

The cover letter should be constructed as follows:

1. The cover letter should be addressed to the Deputy Commissioner of the Office of Property and Casualty.
2. The letter must be on official company or company group letterhead that includes the return address.
3. The reference lines of the cover letter should include the following:
 - a. Filer (name of company affected by the filing).
 - b. Line of Business (use annual statement, page 15, as a guide) or Louisiana Product Code
 - ◆ It is advised that individual lines of business be filed separately. If multiple lines of business are included within a single filing, the LIRC may request that they be separated.
 - c. If the entire line of business is not affected by the filing, name the subprogram covered by the filing.
 - d. If applicable, the risk purchasing group on whose behalf the filing is made.
 - e. It is advised that unrelated programs be filed separately.
 - f. The company's filing reference number.

4. The body of the cover letter should include:
 - a. A brief statement as to the purpose of the filing. If it is a replacement of an existing filing, changes to the previously approved program should be clearly documented in the Filing Memorandum.
 - b. If applicable, the rate revision filing provision
 - i. Flex Band,
 - ii. 90-day Workers' Compensation File and Use,
 - iii. LIRC Prior Approval, or
 - iv. Commercial Deregulation.
5. The signature section of the cover letter must include the contact person's name, signature, phone number, fax number and e-mail address.

Property and Casualty Filing Transmittal Form

The LIRC/OPC will accept either version of the form, the National Association of Insurance Commissioners (NAIC) version or the Louisiana Department of Insurance (LDOI) version of the Transmittal Document. Pages 1 and 2 provide general filing information and page 4 provides rate and rule filing information.

Adoption of Loss Costs

LIRC Exhibit C.1 - Adoption of Prospective Loss Costs Without Expense Constant ("Exhibit C.1") should be completed when a filer is adopting or modifying a rating organization's loss cost filing and is using an LCM without an expense constant.

- ◆ Use Exhibit C.1 to adopt loss costs without an expense constant.
- ◆ Use Exhibit C.2 to adopt loss costs with an expense constant.

LIRC Exhibit C.2 - Adoption of Rate Service Organization Prospective Loss Costs ("Exhibit C.2") is the same as Exhibit C.1 except that Exhibit C.2 adopts loss costs with an LCM without an expense constant.

Rate Change Comparison for Private Passenger Automobile

LIRC Exhibit D - Louisiana Rate Change Comparison for Private Passenger Automobile is a comparison of the company's rates before and after the proposed rate revision.

- ◆ The LIRC requires Exhibit D for all rate revisions for private passenger automobile coverage. The exhibits compare rates for six risk classifications in the five metropolitan areas of the state.

Rate Change Comparison for Homeowners

LIRC Exhibit E - Louisiana Rate Change Comparison for Homeowners is a comparison of the company's rates before and after the proposed rate revision.

- ◆ The LIRC requires Exhibit E for all rate revisions for homeowners' coverage. The exhibits compare rates for six risk classifications in the five metropolitan areas of the state.

Louisiana Operating Ratios for Personal Lines Only

LIRC Exhibit F - Louisiana Operating Results is an operating exhibit. It reflects the insurer's profit or loss on business written in Louisiana.

- ◆ The LIRC requires Exhibit F when a company has Louisiana earned premium exceeding \$6 million, in aggregate, over the most recent three calendar years.
- ◆ Exhibit F should reflect direct business only, i.e., not include any reinsurance. This includes reinsurance with third parties as well as inter-company pooling arrangements within a company group.
- ◆ Exhibit F premium and loss experience should only reflect business affected by the filing. If this is not feasible, the filer should provide Exhibit F experience for the closest line or sub-line available and note this fact on the exhibit.
- ◆ Exhibit F expense and income experience should reflect only the Louisiana business affected by the filing. If necessary, Louisiana expenses or income can be approximated from data aggregated at a higher level. Examples are: countrywide experience, group experience, or annual statement line of business. If Louisiana expenses or income is approximated, it should be noted on the exhibit.
- ◆ If more than one company is represented in the filing, Exhibit F should reflect the consolidated experience of all companies named in the filing. Though acceptable, Exhibit F can be submitted for each company individually as long as a consolidated Exhibit F is provided.

Louisiana Rate Revision Questionnaire

LIRC Exhibit H - Rate Revision Questionnaire breaks down the overall statewide average rate revision, by filing, into a distribution of policyholders across percent change increments.

- ◆ Exhibit H must be submitted with all private passenger automobile, homeowner and medical professional liability rate revision filings.
- ◆ For all other lines of business, Exhibit H must be submitted upon departmental request.
- ◆ Each increment represents the number of policyholders who would realize a change in premium within the incremental percentage range. The increments flow from the minimum realized change to the maximum realized change in 5-point ranges.
- ◆ When measuring the percent change on policyholder premiums, all proposed changes must be considered. This includes, but is not limited to, changes in base premiums, policy fees, limit tables, deductibles, etc.
- ◆ The distribution should reflect the filer's current book of business. If an accurate measure is not feasible, an estimate can be submitted. However, if estimates are used, the documentation should clearly reflect this fact.

Louisiana Territorial Revision Questionnaire

LIRC Exhibit I - Territorial Revision Questionnaire displays, in tabular form, the effect that the overall statewide rate revision, will have on each of the insurer's territories.

- ◆ Exhibit I must be completed for all private passenger automobile and homeowners filings.
- ◆ For all other lines of business, Exhibit I must be submitted upon departmental request.
- ◆ Exhibit I must be completed for each company included in the filing.

Louisiana Medical Malpractice Filing Questionnaire

LIRC Exhibit J - Medical Malpractice Filing Questionnaire displays, in tabular form, the effect that the overall statewide rate revision will have on each of the insurer's medical professional liability classifications.

ACTIVE BULLETINS

LIRC Bulletin	Status	Audience	Subject
93-05	Active	P & C Insurers	Various statutes identified
Clarification of 93-05	Active	P & C Insurers	Clarification of 93-05
94-03	Active	P & C Insurers	Policy forms approval, punitive and/or exemplary damages, liquor liability
94-07	Active	Surplus Lines Brokers	Recession of Directive 122, 94-05, and 94-05 Revised
95-01 Revised	Active	P & C Insurers	Revised pleasure boat guidelines
95-06	Active	Group Self-Insurance Funds Workers' Compensation	Filing procedures for group self-insurance funds
96-01	Active	P & C Insurers	Compulsory liability
96-02	Active	P & C Insurers	Policy auditing guidelines
96-03	Active	P & C Insurers	Tort reform notice
96-04	Active	P & C Insurers	Motor vehicle liability minimum limits
96-05	Active	P & C Insurers	Tort reform study
96-06	Active	P & C Insurers	Rate Reductions based on Tort Reforms
97-03	Active	P & C Insurers	Act 1476 - Omnibus Premium Reduction Act of 1997
97-04	Active	P & C Insurers	Postponement of Rate Reduction Day
97-05	Active	P & C Insurers	Automobile related Legislation
97-06	Active	P & C Insurers	Mobile & Manufactured Home related Legislation
97-07	Active	P & C Insurers	Private Passenger Automobile Policy Auditing Procedures
98-01	Active	P & C Insurers	Act 1476 - Omnibus Premium Reduction Act of 1997
98-02	Active	P & C Insurers	Act 1476 - Omnibus Premium Reduction Act of 1997
98-03	Active	P & C Insurers	Act 1476 - Omnibus Premium Reduction Act of 1997
98-04	Active	P & C Insurers	Use of Year 2000 Endorsements and Exclusions
98-05	Active	P & C Insurers	Confirmation of Insured Status for Claimant Under Act 1476, "No Pay, No Play"
98-06	Active	P & C Insurers	Availability of Act 1476 Contact

LIRC Bulletin	Status	Audience	Subject
			List Information
99-02	Active	P & C Insurers	Computer Model Interrogatories
00-01 Official Order	Active	P & C Insurers	Adoption of Policy Fee Approval Standards
00-02	Active	P & C Insurers	Changes in Auditing Procedures
00-04	Active	P & C Insurers	Experience Modifier Issued by the Department of Insurance
01-01	Active	P & C Insurers	Experience Modifier Issued by the Department of Insurance - Additional Information
2001-02	Active	P & C Insurers	Recession of Schedule Rating Plan Experience Filing Requirement
2002-01	Active	P & C Insurers	Manual Pages
2002-02	Active	P & C Insurers	Office of Property & Casualty overview
2003-01	Active	P & C Insurers	Supplemental Filing Exhibits
2003-02	Active	P & C Insurers	Credit Information for Personal Insurance
2003-03	Active	P & C Insurers	Flexible Rating
2004-01	Active	P & C Insurers	Schedule Rating Guidelines